

**City Light Advisory Board Meeting**  
**May 3, 2005, 8:30 AM-12:00 PM**

**MEETING SUMMARY**

**Board Members Present:** Carol Arnold, Randy Hardy, Jay Lapin, and Sara Patton.  
Also present: David Harrison (facilitator), Karen Schrantz (assistant).

**Purpose of Meeting**

David Harrison opened the meeting and reminded the participants that the focus for the day's Advisory Board meeting would be to further discuss the current governance structure of Seattle City Light and what, if any, governance changes the Advisory Board might choose to propose. In particular, the Advisory Board would review the draft governance criteria list and begin analyzing how different governance models rate with respect to the identified criteria.

**Governance Criteria**

To jumpstart the day's discussion, Harrison proposed a list of possible governance criteria that could be used to assess potential governance models. These included flexibility; cost of operation; personnel options; stability; and administrative, legal, and political feasibility. The Board discussed how each of the criteria might lead to long range stability of the utility.

Randy Hardy suggested two additional criteria: consistency of policy guidance and ability to ensure meaningful accountability. Jay Lapin suggested adding speed of decision-making as a criterion. Jay also noted that long term stability includes the flexibility to respond to a variety of situation in the context of long term policy goals that are agreed to. The discussion about governance criteria should be the means of helping the utility achieve its policy goals. The Board discussed how the different criteria might yield a cost-attentive, flexible utility. There was also discussion about using administrative, legal and political feasibility as a separate tier of considerations to be utilized only after the review of how governance alternatives compare under the core criteria is complete.

After discussing possibilities, the Advisory Board came up with the following draft criteria: consistency, speed of decision making, management flexibility, role clarity (including decision making authority), meaningful accountability, and the balance between ratepayer interests and public interest. They noted that each of the criteria might not be weighted equally when evaluating the different governance models.

**Possible Governance Alternatives**

The Advisory Board then turned their attention to identifying potential governance models. The group discussed a variety of options for changing the governance structure of City Light. The ideas ranged from maintaining the status quo to creating a completely independent utility district. The two ends of the continuum were included for comparison only. Four alternatives emerged in the discussion: 1) implementing ordinances that

would expand City Light's powers to manage itself, especially in the area of personnel, 2) modifying and strengthening the current advisory board system, primarily by giving it a clearer role in certain City decision-making processes, 3) creating an independent board, which would have direct oversight over City Light management and 4) creating an independent board along with implementing ordinances. The Board did an initial, very preliminary assessment as to how each of these alternatives might look when judged against the criteria.

In the ordinances alternative the utility would gain greater independence. There would be some improvement in consistency and speed of decision making. There would be moderate improvement in management flexibility, accountability, and ratepayer balance. Specifically, the group noted improvements related to personnel issues, such as greater flexibility in salary levels, ability to administer incentive pay, ability to create job classifications and create more exempt positions. Ordinances might also offer the utility the option for purchasing services that are now centrally supplied.

The Board then reviewed the second alternative of modifying the advisory board structure. The goal would be to clarify the role of the board and improve its effectiveness. To do this, the group considered proposing a permanent board with staggered terms. They also discussed the possibility of giving formal recommendations on major policy decisions, major financial decisions, resource policies, and at specified points during the rates process. The result would likely be improved clarity of roles, accountability, management flexibility, and consistency. When combined with implementation of ordinances, moderate improvement was noted against all of the criteria.

In reviewing the option of an independent board, the group discussed the following possible approach: 1) the Mayor would appoint members subject to Council approval, 2) the Board would be permanent, compensated, with staggered terms, 3) the Board would hire/fire superintendent and he/she would report to the Board, 4) the Council would have some extraordinary veto or ability to rename board members, 5) the Council would approve budget, rates, and issue bonds 6) the Board would set the strategic direction for the utility and set the rate requirement, and 7) the Board would lead resource and financial policy. When this alternative was rated against the criteria, there was significant improvement in the potential effectiveness of the utility against all of the identified criteria. When ordinances were added to the creation of an independent board, effectiveness improved further in the areas of accountability and management flexibility.

The Advisory Board noted that the governance structure alone was insufficient to ensure an effectively run utility, but that an appropriate structure could increase the likelihood of success.

### **Closing and Upcoming Meeting**

David Harrison reviewed the agenda for the day and asked the Advisory Board for feedback on the session. The group asked the facilitators to prepare minutes for the meeting so they could be posted on the web site. At the June meeting the group will

consider further the dimensions of the four separate governance alternatives and further discuss their likely impact. After further analyzing the four main governance options and others that may be offered, the Advisory Board may reduce them and select a preferred options. By the end of the meeting, Advisory Board members expect to decide how to proceed with this governance alternatives project.